

3400 CENTRE SQUARE WEST
1500 MARKET STREET
PHILADELPHIA, PA. 19102
(215) 972-3400

38 SQUARE DE MEEUS, BTE 1
1040 BRUSSELS, BELGIUM
(02) 511 80 40

PRINCES HOUSE
95 GRESHAM STREET
LONDON, EC2V 7NA, ENGLAND
01. 606. 8598

LAW OFFICES OF

DECHERT PRICE & RHOADS

888 17th STREET, N. W.

WASHINGTON, D. C. 20006

TELEX 84 5324 • BARDEP

(202) 872-8600

ELEVEN BROADWAY
NEW YORK, N. Y. 10004
(212) 425-3510

SUITE 1760
ENERGY CENTER ONE
17 SEVENTEENTH STREET
DENVER, COLORADO 80202
(303) 623-1777

800 NORTH THIRD STREET
HARRISBURG, PA. 17102
(717) 233-7947

RECORDATION NO. 9605-8

Filed 1975

NOV 21 1980 -1 45 PM

November 20, 1980

INTERSTATE COMMERCE COMMISSION

Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

No.

Date NOV 21 1980

Exp. 20.00 + 40
ICC Washington, D. C.

RECORDATION NO. 9605-8

Filed 1425

NOV 21 1980 -1 45 PM

INTERSTATE COMMERCE COMMISSION

NOV 21 1 39 PM '80
BRANCH

Dear Secretary Mergenovich:

Pursuant to 49 U.S.C. §11303 and the Commission's rules and regulations, I enclose for filing and recordation six copies of the following documents:

- (1) Equipment Lease Termination Agreement dated November 13, 1980 between Girard Leasing Corporation and National Railway Utilization Corporation/Pickens Railroad Company, and approved by First National Bank and Trust Company, First Peoples Bank of New Jersey, First State Bank (formerly West Side Bank) and Hazelton National Bank; and
- (2) Loan Modification and Moratorium Agreement dated November 19, 1980, by and among First National Bank and Trust Company, First Peoples Bank of New Jersey, First State Bank (formerly West Side Bank), Hazelton National Bank, and Girard Leasing Corporation.

These documents relate to boxcars subject to an Equipment Lease Agreement between Girard Leasing Corporation (Lessor) and National Railway Utilization Corporation/Pickens Railroad Company (Lessee) dated July 27, 1978 and filed with the Commission on July 28, 1978 and assigned Recordation Number 9605. Those same boxcars are subject also to the following agreements: two Security Agreements each dated August 7, 1978 between Girard Leasing Corporation and First National Bank and Trust Company and West Side Bank (now First State Bank) and Girard Leasing Corporation and filed with the Commission on November 5, 1980 and assigned Recordation Numbers 9605-A and 9605-C; Security Agreement dated August 1, 1978 between Girard Leasing Corporation and First Peoples Bank of New Jersey and filed with the Commission on November 12, 1980 and assigned

C. D. Mergenovich
Barbara C. Shepard

Agatha L. Mergenovich, Secretary
November 20, 1980
Page Two

Recordation Number 9605-E; and Security Agreement dated August 7, 1978 between Girard Leasing Corporation and Hazelton National Bank filed with the Commission on November 13, 1980 and assigned Recordation Number 9605-G. Each of the previously filed Security Agreements was accompanied by an Assignment of Lease agreement, and they were assigned Recordation Numbers 9605-B, 9605-D, 9605-F and 9605-H.

The names and addresses of the parties to the aforementioned documents to be filed are as follows:

(1) Equipment Lease Termination Agreement:

(a) Lessor:

Girard Leasing Corporation
3 Girard Plaza
Philadelphia, PA 19101

(b) Lessees:

National Railway Utilization Corporation
1100 Centre Square East
1500 Market Street
Philadelphia, PA 19102

and

Pickens Railroad Company
402 Cedar Rock Street
Pickens, South Carolina 29671

(2) Loan Modification and Moratorium Agreement:

(a) Secured Parties:

First National Bank and Trust Company
P.O. Box 391
Waynesboro, PA 17268

First Peoples Bank of New Jersey
Cuthbert and MacArthur Drive
Haddon Twp., NJ 08108

Agatha L. Mergenovich, Secretary
November 20, 1980
Page Three

First State Bank
(formerly West Side Bank)
101 N. Main Street
Scranton, PA 18504

Hazleton National Bank
Broad and Laurel Streets
Hazleton, PA 18201

(b) Debtor:

Girard Leasing Corporation
3 Girard Plaza
Philadelphia, PA 19101

The Equipment Lease Termination Agreement establishes the procedures for terminating the aforementioned Equipment Lease as it relates to each of the following boxcars:

Fifty-Two (52) 50'6" 70-ton XM
rated boxcars bearing Road Numbers
PT 200048 through PT 200099
inclusive.

The Loan Modification and Moratorium Agreement modifies the terms of four promissory notes executed in 1978 that were in turn secured by the four aforementioned Security Agreements and relate to the above-identified boxcars.

Please file and record the Equipment Lease Termination Agreement and the Loan Modification and Moratorium Agreement cross-indexing them one to the other and to the Equipment Lease Agreement and indexing said documents under the names of the Lessor/Lessees and the Secured Parties/Debtor. A check is enclosed for \$20.00 as prescribed pursuant to 49 C.F.R. §1116.3 (d).

Please stamp all six copies of the Equipment Lease Termination Agreement and the Loan Modification and Moratorium Agreement and the attached copies of the transmittal letter with your official recording stamp. You will wish to retain two copies of each of the documents and the original of the

Agatha L. Mergenovich, Secretary
November 20, 1980
Page Four

transmittal letter for your file. Please return the remaining copies of this transmittal letter and the Equipment Lease Termination Agreement and the Loan Modification and Moratorium Agreement to the bearer of this letter.

Sincerely,

A handwritten signature in cursive script, reading "Robert P. vom Eigen". The signature is written in dark ink and is positioned above the printed name.

Robert P. vom Eigen

RPvE:dn

Encls:

NOV 21 1980 -1 45 PM

INTERSTATE COMMERCE COMMISSION

Loan Modification and Moratorium Agreement

This is a LOAN MODIFICATION AND MORATORIUM AGREEMENT dated as of November 19, 1980, by and among FIRST NATIONAL BANK AND TRUST COMPANY, a Pennsylvania banking corporation with principal offices in Waynesboro, Pennsylvania ("First National"), FIRST PEOPLES BANK OF NEW JERSEY, a New Jersey banking corporation with principal offices in Haddon Township, New Jersey ("First Peoples"), FIRST STATE BANK (formerly West Side Bank), a Pennsylvania bank with principal offices in Scranton, Pennsylvania ("First State"), and HAZELTON NATIONAL BANK, a banking corporation with principal offices in Hazelton, Pennsylvania ("Hazelton National") (First National, First Peoples, First State and Hazelton National hereinafter collectively referred to as the "Lenders") and GIRARD LEASING CORPORATION, a Pennsylvania corporation with principal offices located at 3 Girard Plaza, Philadelphia, Pennsylvania 19101 ("Debtor").

Background

A. On August 7, 1978, Debtor executed and delivered to each Lender Debtor's nonrecourse promissory note (the "Notes"), the terms and conditions of which are incorporated herein by this reference, in the original principal amounts and with principal balances and accrued interest as of the

date hereof and since the dates noted below ("Last Payment Dates") as follows:

<u>Lender</u>	<u>Original Principal Amount of Note</u>	<u>Last Payment Date</u>	<u>Principal Balance Outstanding</u>	<u>Interest Outstanding November 19, 1980</u>	<u>Per Diem Interest</u>
First National	\$250,000.00	2/7/80	\$206,112.05	\$16,553.97	\$ 57.88
First Peoples	\$499,934.00	2/7/80	\$412,173.28	\$33,103.64	\$115.75
First State	\$300,000.00	2/7/80	\$247,354.43	\$19,866.42	\$ 69.46
Hazelton National	\$475,000.00	2/7/80	\$391,520.58	\$31,445.13	\$109.95

B. The proportionate participation that each Lender has in the total obligation of Debtor to Lenders evidenced by the Notes is as follows:

<u>Lender</u>	<u>Proportionate Share of Total Financing</u>
First National	16.0%
First Peoples	33.0%
First State	20.0%
Hazelton National	31.0%

C. Each of the Notes is secured by a security agreement and an assignment of lease of even date therewith (except for the First Peoples security agreement which is dated August 1, 1978) (said Notes, Security Agreement, and Assignment of Lease being hereinafter called the "Loan Documents") evidencing Lenders' undivided pro-rated interest in fifty-two (52) boxcars and related equipment subsequently reduced to fifty-one (51) boxcars as a result of one boxcar having been

destroyed (the "Equipment") all as defined in the Loan Documents, which were in turn leased by the Debtor to National Railway Utilization Corporation, a South Carolina corporation with principal offices located at 1100 Centre Square East, 1500 Market Street, Philadelphia, Pennsylvania 19102 ("NRUC") and Pickens Railroad Company, a South Carolina corporation with principal offices located at 402 Cedar Rock Street, Pickens, South Carolina 29671 ("PRC") as co-lessees (hereinafter collectively called the "Lessee") pursuant to a lease agreement dated July 27, 1978 supplemented by an Equipment Schedule also dated as of July 27, 1978 (the "Lease").

D. Lessee's failure to pay rent has caused the Debtor to default under each of the Notes.

E. Debtor has requested Lenders to modify and grant a moratorium as to the payment of principal and interest on the Loan Documents which Lenders are willing to do on the terms and conditions set forth herein.

Terms

NOW THEREFORE, Lenders and Debtor intending to be legally bound hereby, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. The terms of repayment of the Notes are hereby modified so that, effective as of the Last Payment Date, all past due, current and future installments of principal, interest and other sums required thereunder are deferred until September 30, 1982.

2. To induce Lenders to enter into this Agreement, Debtor covenants and agrees with Lenders that Debtor shall:

2.1 Proceed diligently to accomplish surrender of possession of the Equipment by Lessees pursuant to an Equipment Lease Termination Agreement with Lessee satisfactory to Lenders and Debtor.

2.2 Manage, maintain, preserve and, subject to Lenders' prior written approval, remarket the Equipment.

2.3 Diligently attempt at all times prior to payment to Lenders of all sums due to Lenders pursuant to the Loan Documents as modified hereby to secure a substitute lessee or lessees who shall be acceptable to Lenders and Debtor.

2.4 In the event that either or both of NRUC or PRC becomes the subject of a bankruptcy case as hereinafter defined, as soon as possible file and diligently pursue appropriate petitions and documents with the bankruptcy court and take such other action as may be necessary or desirable in that connection to seek to reclaim the Equipment

from the jurisdiction of the bankruptcy court and from Lessee free and clear of all claims and rights of Lessee or either of them or any other party. For the purposes of this paragraph, a "bankruptcy case" is defined as including any proceeding regarding NRUC or PRC seeking reorganization, arrangement, composition, adjustment of debts, liquidation or dissolution under the Bankruptcy Code or any similar law of the United States or any state or other competent jurisdiction, or the filing by Lessee or either of them of a petition or answer seeking or consenting to any of the foregoing, or the entry of an order appointing a receiver or trustee for either of them, or the making by either or both of them of a general assignment for the benefit of creditors.

2.5 In all events, and at all times prior to payment to Lenders of all sums due to Lenders by Debtor hereunder, to protect and preserve the Equipment in good order and repair, normal wear and tear excepted, provided, however, that Debtor shall not be obligated to protect, preserve or maintain the Equipment in better repair and condition than as identified in the Inspection Reports referred to in paragraph 2.5.3(a) hereof, including but not limited to the following:

2.5.1 See that under any lease, the Equipment shall be used and operated under and in compliance with the laws of the jurisdictions in which the Equipment may be

located and operated, the Interchange Rules of the Association of American Railroads, if applicable, and in compliance with all lawful acts, rules, regulations and orders of any judicial, legislative or regulatory body having power to regulate or supervise the use of the Equipment including, but not limited to, the rules and regulations of the United States Department of Transportation and the Interstate Commerce Commission.

2.5.2 Not consent to the entry of any liens, charges or encumbrances to be placed on or levied against the Equipment other than liens in favor of Lenders; procure and maintain in effect all licenses, certificates, permits and other approvals and consents required by federal, state, county, municipal, or foreign laws and regulations in connection with the possession, use, operation and maintenance of the Equipment.

2.5.3 (a) Inspect and prepare a written report (the "Inspection Reports") on the condition of the Equipment upon its recovery from Lessee, (b) maintain the Equipment, including but not limited to the wheels and all other component parts, in good and safe operating order, repair and condition, and in accordance with the requirements of any governmental authority, domestic or foreign, having jurisdiction thereof provided, however, that Debtor shall not be obligated to maintain the Equipment in better repair and condition than as identified in the Inspection Reports, and

(c) pay for all fuel, service, inspections, overhauls, replacements, substitutions, materials and labor necessary or desirable for the proper use, repair, operation and maintenance of the Equipment.

2.5.4 (a) Bear all risks of damage to, or loss or destruction of, the Equipment until such Equipment has been returned to Lenders pursuant to the provisions hereof. Except as otherwise herein expressly provided, no such damage to, or loss or destruction of, any Equipment, shall impair any obligation of Debtor to Lenders. In the event that any item of Equipment shall become lost, stolen, destroyed or irreparably damaged from any cause whatsoever, or if any item of Equipment or Debtor's title thereto shall be requisitioned or seized by any governmental authority (each such occurrence being hereinafter called a "Casualty Occurrence"), Debtor shall promptly notify Lenders in writing of such fact, fully informing Lenders of all details with respect thereof.

(b) So long as there is no default then existing under this Agreement or the Loan Documents as modified by this Agreement, any insurance proceeds received as the result of a Casualty Occurrence with respect to an item of Equipment shall be applied in accordance with the following formula:

A. Lenders and Debtor shall determine the principal and interest outstanding on each Note and the total number of items of Equipment financed (on a participatory basis) pursuant thereto and still in existence.

B. Lenders and Debtor shall determine the principal and interest outstanding under said Notes on a railcar unit basis (the "Unit Principal and Interest").

C. The insurance proceeds shall be applied on each Note first against Unit Principal in the inverse order of maturity, second to Unit Interest then outstanding and, to the extent that the Casualty Occurrence occurred prior to September 30, 1982 and Debtor has not exercised the Term Loan option granted in paragraph 5 hereof, third to unrecovered costs and expenses.

D. Insurance proceeds remaining after application to and satisfaction of Unit Principal and Interest (and Lenders' costs, if appropriate, as aforesaid) shall be turned over by Lenders to Debtor.

(c) If there is a default then existing under this Agreement, all such proceeds shall be retained by Lenders and shall be applied as set forth in Paragraph 2.5.4(b), above, except that any proceeds remaining after

application to Unit Principal and Interest and costs, if appropriate, shall be applied to other amounts due and to become due by Debtor to Lenders in inverse order of maturity.

(d) In the event that an item of Equipment has been damaged, but not irreparably, Debtor shall place the same in good repair, condition and working order. In such event Lenders shall release to Debtor the proceeds of any insurance received by Lenders as a result of such damage for the purpose of covering the costs of repairing or restoring such item, upon receipt by Lenders of evidence, satisfactory to Lenders, that such repair or restoration shall be completed, and an invoice therefor.

2.5.5 Provide from time to time reports identifying the condition and state of repair and status and location of the Equipment. Lenders shall have the right at their sole cost and expense, by their authorized representatives upon reasonable notice to Debtor, to inspect the items of Equipment and Debtor's records with respect thereto, at such times as shall be reasonably necessary to confirm to Lenders the existence and proper maintenance thereof during the continuance of this Lease.

2.5.6 Maintain insurance in form and amount satisfactory to Debtor and Lenders under which (a) Lenders are named as mortgagee under a standard mortgagee clause and

(b) Lenders' interest as mortgagee can be cancelled only upon receipt by Lenders of at least thirty (30) days' written notice from insurer.

3. All costs, fees and expenses incurred by Debtor hereunder (including reasonable attorneys fees) or under any other agreement regarding the Equipment including but not limited to, an Equipment Lease Termination Agreement with Lessee and a Management and Remarketing Agreement with a Manager (as identified in paragraph 4.3 hereof) shall be advanced by Debtor and recovered as follows:

A. Lenders shall reimburse Debtor, in the pro-rated basis set forth in Background Paragraph C. hereof, for one-half of such costs, fees and expenses upon receipt from Debtor of a statement, to be submitted not more often than monthly, identifying, with reasonable detail, the total costs, fees and expenses incurred and paid by Debtor and each Lender's share thereof. Debtor's statements shall be due and payable within ten (10) days from receipt thereof by Lender.

B. All revenues received by Debtor from use of the Equipment shall be shared pro-rata among the Lenders and Debtor in the same proportion as costs, fees and expenses have been advanced by them. All revenues received from Lessee upon settlement for and recovery of the Equipment,

however, shall be retained by Debtor for application to future costs, fees and expenses.

C. All revenues received by Debtor after recovery in full by Lenders and Debtor of all costs, fees and expenses shall be turned over to Lenders, pro-rata, for application to accrued but unpaid interest and thereafter to installments of principal outstanding in their inverse order of maturity.

D. On September 30, 1982 (unless the Equipment has been sold prior to that time), Lenders and Debtor shall reconcile all costs, fees and expenses advanced but not yet recovered and Lenders shall reimburse Debtor for any such unrecovered costs, fees and expenses advanced by Debtor as of that date.

4.1 On September 30, 1982 Debtor shall have the option (a) to convert the Notes to a term loan as set forth in paragraph 5 hereof or (b) deliver and surrender possession to Lenders of (i) the Equipment then in service at such storage facilities as are designated by Lenders; provided, however, that in lieu of delivery as aforesaid (as to any one or more of such Units), Debtor may elect to pay to Lenders the sum of \$400.00 per non-delivered Unit (to defray Lenders' Unit movement costs) and deliver to Lenders a written list identifying the then current locations of the non-delivered Units, the lessees and where such Units will

come out of service, (ii) the Equipment not then in service but which was in service after the effective date of this Agreement, at such storage facilities to which such Equipment was delivered upon coming out of service as long as such facilities were previously approved by Lenders, and (iii) the Equipment not then in service and which never was in service after the effective date of this Agreement at the storage facilities to which Debtor delivered the Equipment (with Lenders's prior written approval) after gaining possession from Lessee, all in good order and condition in all respects, subject to the Inspection Reports identified in paragraph 2.5.3(a) hereof, and, in the cases of (i), (ii) and (iii), above, to be free and clear of all liens and claims for repairs, storage, demurrage, taxes or otherwise, except for the lien of Lenders. Debtor may, in its sole discretion, store the Equipment at the third-party storage facilities for the Equipment used by Lessee. At such time, Debtor shall deliver to Lenders a bill of sale in the form attached hereto and marked as Exhibit "A" and Lenders shall deliver to Debtor the release in the form attached hereto and marked as Exhibit "B".

4.2 After taking possession of the Equipment, Lenders shall dispose of it in a commercially reasonable manner and shall apply the proceeds therefrom first to

payment of Lenders' reasonable costs and expenses in connection with such receipt and disposition, including by way of illustration only, storage, insurance, preparation of the Equipment for sale, legal fees, advertising expenses and sales commissions; second, to payment of the outstanding balance of principal and interest on the Notes (but interest shall cease to accrue on the date of recovery of the Equipment), and Lenders' reasonable costs and expenses (including reasonable legal fees) in connection with the receipt and disposition of the Equipment by Lenders) and third, the excess, if any, to Debtor.

4.3 The obligations of Debtor set forth in paragraphs 2.1, 2.2, 2.3, 2.5, 2.5.1, 2.5.2, 2.5.3(b) and (c), 2.5.5 and 2.5.6 hereof may be performed on Debtor's behalf by North American Car Corporation or such other railcar management firm or consultant satisfactory to Lenders and Debtor (the "Manager"), as agent or as an independent contractor. Lenders' consent to Debtor's selection of a Manager shall be required up to and including September 30, 1982. Thereafter, if Debtor exercises the option set forth in paragraph 5 hereof, Debtor shall have full discretion to select a Manager. The obligations of Debtor set forth in paragraph 2.5.3(a) shall be performed by the Manager. During the initial term (until September 30, 1981) of Debtor's Management and

Remarketing Agreement with North American Car Corporation, or any renewal term authorized by Lenders, Lenders shall not declare the occurrence of an Event of Default on account of Lenders' dissatisfaction with the performance of Debtor's obligations by North American Car Corporation in the aforesaid paragraphs 2.1, 2.2, 2.3, 2.5, 2.5.1, 2.5.2, 2.5.3(b) and (c), 2.5.5 and 2.5.6 hereof.

5.1 By written notice delivered by Debtor to Lenders not less than thirty (30) days prior to September 30, 1982, Debtor shall have the option to convert the outstanding balance of principal and interest on the Notes and costs incurred by Lenders to a term loan (the "Term Loan") payable in sixty (60) equal quarterly amortizing payments of principal and interest, interest to be computed at the rate of twelve and one-quarter (12-1/4%) per cent per annum.

5.2 Debtor shall be personally liable for all obligations under the Term Loan. Debtor shall execute and deliver one or more promissory notes and such other documentation reasonably requested by Lenders. Lenders shall be secured by one or more security agreements and by an assignment of all leases of the Equipment or any part thereof and in such other manner as Lenders may reasonably request.

Lenders shall consider releasing Debtor from its personal liability under the Term Loan upon presentation of a lease for the Equipment with a creditworthy lessee fully amortizing the Term Loan.

6. The Notes (principal, interest and all costs) (to be effective up to and including September 30, 1982) and the Term Loan (to become effective after September 30, 1982) shall be prepayable at the option of Debtor at any time without penalty.

7. In the event that Debtor does not fully and promptly (time being of the essence in all respects) perform all of its covenants and obligations hereunder, Lenders, by the affirmative vote of the holders of more than 66-2/3% of the total debt of Debtor to Lenders at such time may declare the occurrence of an "Event of Default" hereunder and, subject to the provisions of paragraphs 8, 9 and 10 hereof, Lenders may exercise all rights granted under this Agreement or the Loan Documents as modified by this Agreement including by way of illustration only, the right to recover from Debtor damages (including punitive damages if assessed through arbitration or judicial process) arising from Debtor's failure to perform its covenants and obligations hereunder, and, if the option under paragraph 5 is exercised, the right to recover all sums due under the Term Loan.

8. In the event that Lenders declare the occurrence of an Event of Default under this Agreement, Debtor shall be granted a period of (i) fifteen (15) days from the sending by Lenders of a written notice thereof to Debtor (by certified mail, return receipt requested) within which to cure said default if it arises from Debtor's (alleged or actual) failure to pay installments due under the Term Loan and (ii) thirty (30) days from the sending by Lenders of a written notice thereof to Debtor (by certified mail, return receipt requested) within which to cure all other defaults, or such additional time beyond 30 days as may be necessary under the circumstances, in good faith, to cure said non-monetary defaults as long as Debtor shall have in good faith embarked upon the curing of any such default within said thirty (30) day period and shall diligently thereafter proceed with the curing of same.

9. Whether before or after the exercise of the option referred to in paragraph 5 hereof, in the event that Debtor contests Lenders' determination that an Event of Default has occurred, or in the event that Lenders and Debtor disagree regarding Debtor's satisfactory curing of a default, such controversy or claim arising out of or relating to this Agreement or the Loan Documents as modified by this Agreement

or their breach shall, upon the written demand of Debtor sent to Lenders by certified mail, return receipt requested, be settled by arbitration in accordance with the rules of the American Arbitration Association (the "Association") and supplemented as follows:

A. Any demand for arbitration shall contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedy sought.

B. Any demand for arbitration, if arising from a dispute regarding the occurrence of an Event of Default, shall be filed before the expiration of fifteen (15) calendar days after the applicable cure period has passed. Any demand for arbitration arising from a dispute regarding satisfactory curing of an alleged Event of Default shall be filed within thirty (30) calendar days after Lenders send written notice to Debtor that Debtor's curing was unsatisfactory.

C. Lenders shall not take possession of the Equipment until the 15 day or 30 day period, as the case may be, referenced in paragraph 9.B., above, shall have expired.

D. A demand for arbitration shall operate to stay, postpone, and prohibit all rights of Lenders to take possession of the Equipment in accordance with this Agreement until the arbitration is completed so long as Debtor proceeds in good faith with the arbitration process.

E. There shall be three arbitrators. Lenders and Debtor shall each select one arbitrator and those individuals selected by Lenders and Debtor shall select a third arbitrator. If Lenders' and Debtor's designees are unable to agree on a third arbitrator, Lenders and Debtor shall permit the Association to designate the third arbitrator.

F. The arbitrators shall have authority to assess actual and punitive damages sustained by reason of any breach of this Agreement. Actual damages so assessed shall be limited to the costs to cure any default.

G. The decision of the arbitrators within the scope of the submission shall be final and binding on all parties, and any right to judicial action on any matter subject to arbitration hereunder is hereby waived, if Debtor demands arbitration as provided above (unless otherwise provided by applicable law), except suit to enforce the arbitration award or in the event that arbitration is not available for any reason.

H. The parties shall bear their own legal fees and they shall share equally all expenses of the arbitrators, the arbitration, and the Association.

10. Notwithstanding any other provision of this Agreement or the Loan Documents as modified by this Agreement

to the contrary, the recourse liability of Debtor to Lenders is limited as follows:

10.1 If this Agreement is voluntarily terminated in accordance herewith as of September 30, 1982 and no Event of Default then exists, Debtor shall have no recourse liability to pay any fee, cost or expense of any kind or nature to Lenders.

10.2 If Debtor exercises the option granted to it in paragraph 5 hereof to convert the Notes to the Term Loan, Debtor shall assume on September 30, 1982 recourse liability for under the Term Loan and for fulfillment of all of the other provisions of this Agreement and the Loan Documents as modified by this Agreement.

10.3 In the event that there is a declaration of an Event of Default during the term of this Agreement attributable to the failure of Debtor to comply herewith and such default is either acknowledged by or ultimately adjudicated through arbitration or judicial process against Debtor, Debtor shall be liable on a recourse basis for the following in addition to the reimbursement provided for in paragraph 9.H hereof (if applicable to Debtor): (i) interest and principal through to maturity of the Term Loan if the default occurred after September 30, 1982 and the Term Loan

option is exercised, and (ii) the cost to cure the default which had been declared or damages (including actual damages and, if applicable, punitive damages) awarded through arbitration or by a court of competent jurisdiction.

11. Debtor's obligation to perform all of its express undertakings pursuant to this Agreement are on a recourse basis whether or not the Equipment generates revenues sufficient to reimburse Debtor for the same. After September 30, 1982, should Debtor elect to enter into the Term Loan, all revenues received by Debtor shall be retained by it for its sole account since there shall be recourse against Debtor for performance of the Term Loan in accordance with the terms and conditions set forth herein.

12. The parties shall execute and deliver from time to time such other documents as Lenders may reasonably request to implement this Agreement.

13. Except to the extent specifically amended by this Agreement, all of Debtor's representations, obligations and covenants provided for in the Loan Documents, except those that arise from reference therein to Lessee or to Lessee's use of the Equipment, shall continue in full force and effect as though fully restated and incorporated herein by reference and are confirmed as of the date hereof.

Executed the day and year first above written.

FIRST NATIONAL BANK AND TRUST COMPANY

By Donald E. Ballinger
Title: Executive Vice President

FIRST PEOPLES BANK OF NEW JERSEY

By [Signature]
Title: Bank Investment Officer

FIRST STATE BANK

By [Signature]
Title: Executive Vice President

HAZELTON NATIONAL BANK

By Arthur A. Tarone
Title: Vice President

GIRARD LEASING CORPORATION

By Richard J. McDaniel
Title: President

Commonwealth of Pennsylvania :
: ss.
County of Philadelphia :

On this 19th day of November, 1980 before me appeared RICHARD J. McCONNELL, to me personally known, who being by me duly sworn, says that he is President of GIRARD LEASING CORPORATION, that the foregoing instrument was signed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Latanya B. Connor
Notary Public

[Notarial Seal]

My Commission Expires:

LATANYA B. CONNOR
Notary Public, Phila., Phila. Co.
My Commission Expires Dec. 20, 1982

Commonwealth of Pennsylvania :
County of Philadelphia : ss.
:

On this 19th day of November, 1980 before me appeared Paul H. Price, to me personally known, who being by me duly sworn, says that he is Executive Vice President of FIRST STATE BANK, that the foregoing instrument was signed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



Notary Public

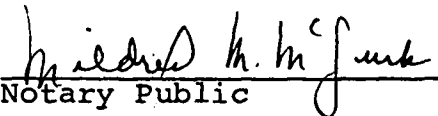
[Notarial Seal]

My Commission Expires: April 27, 1981

MILDRED M. MCGURK
Notary Public, Phila., Phila. Co.
My Commission Expires April 27, 1981

Commonwealth of Pennsylvania :
County of Philadelphia : ss.
:

On this 19th day of November, 1980 before me appeared Donald E. Bollinger, to me personally known, who being by me duly sworn, says that he is Executive Vice President of FIRST NATIONAL BANK AND TRUST COMPANY, that the foregoing instrument was signed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.


Notary Public

[Notarial Seal]

My Commission Expires; April 27, 1981

MILDRED M. MCGURK
Notary Public, Phila., Phila. Co.
My Commission Expires April 27, 1981

Commonwealth of Pennsylvania :
County of New Jersey : ss.
:

On this 19th day of November, 1980 before me appeared David J. Sloan, to me personally known, who being by me duly sworn, says that he is Bank Investment Officer of FIRST PEOPLES BANK OF NEW JERSEY, that the foregoing instrument was signed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Mildred M. McGurk
Notary Public

[Notarial Seal]

My Commission Expires: April 27, 1981

MILDRED M. MCGURK
Notary Public, Phila., Phila. Co.
My Commission Expires April 27, 1981

Commonwealth of Pennsylvania :
County of Philadelphia : ss.
:

On this 19th day of November, 1980 before me appeared Arthur A. Tarone, to me personally known, who being by me duly sworn, says that he is Executive Vice President of HAZELTON NATIONAL BANK, that the foregoing instrument was signed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Mildred M. McGurk
Notary Public

[Notarial Seal]

My Commission Expires: April 27, 1981

MILDRED M. MCGURK
Notary Public, Phila., Phila. Co.
My Commission Expires April 27, 1981

BILL OF SALE

GIRARD LEASING CORPORATION ("Transferor") for good and valuable consideration, receipt of which is hereby acknowledged, including but not limited to the granting of certain accommodations and rights under a Loan Modification and Moratorium Agreement dated as of November 19, 1980, hereby transfers and assigns to FIRST NATIONAL BANK AND TRUST COMPANY, FIRST PEOPLES BANK OF NEW JERSEY, FIRST STATE BANK and HAZELTON NATIONAL BANK, ("Transferees") as their interests may appear, all of its right, title and interest in and to the following described property:

<u>PROPERTY DESCRIPTION</u>	<u>MANUFACTURER</u>	<u>SERIAL NUMBERS</u>
-----------------------------	---------------------	-----------------------

Transferor hereby warrants that it is the lawful owner of the property identified above and that it has the right to sell the same and will warrant and defend the title to said property against the claims and demands of all persons whomsoever.

GIRARD LEASING CORPORATION

By _____
Title:

Dated:

Exhibit "A"

UNCONDITIONAL RELEASE

KNOW ALL MEN BY THESE PRESENTS that FIRST NATIONAL BANK AND TRUST COMPANY, FIRST PEOPLES BANK OF NEW JERSEY, FIRST STATE BANK and HAZELTON NATIONAL BANK ("Lenders"), for good and valuable consideration, receipt of which is hereby acknowledged, and each intending to be legally bound, on behalf of themselves and their affiliates, successors and assigns, hereby remise, release, acquit and forever discharge GIRARD LEASING CORPORATION and its successors assigns and affiliates, of and from any and all claims, actions, causes of action, proceedings, controversies and liabilities of any kind and nature arising from or related to a LOAN MODIFICATION AND MORATORIUM AGREEMENT ("Agreement") dated as of November 19, 1980 by and between LENDERS and GIRARD LEASING CORPORATION and certain notes, security agreements and assignments of lease referred to therein.

FIRST NATIONAL BANK AND TRUST COMPANY

By _____
Title:

FIRST PEOPLES BANK OF NEW JERSEY

By _____
Title:

FIRST STATE BANK

By _____
Title:

HAZELTON NATIONAL BANK

By _____
Title:

Exhibit "B"

AFFIDAVIT

Commonwealth of Pennsylvania :
County of Philadelphia : ss.
:

The undersigned, a Notary Public in and for the aforesaid Commonwealth and County, hereby certifies that the foregoing Loan Modification and Moratorium Agreement has been compared with the original and is true and correct copy.

Mildred M. McGurk
Notary Public

[Notarial Seal]

My Commission Expires: April 27, 1981

Dated: Nov. 19, 1980

MILDRED M. MCGURK
Notary Public, Phila., Phila. Co.
My Commission Expires April 27, 1981